

HELICOPTER MARKET ALEXANDER CAMPBELL / FILTON

# Eurocopter boss predicts 40% rise in military sales

Bregier forecasts gloomy short-term outlook for civil orders, but says upturn is in sight

Rising deliveries of military helicopters should push Eurocopter sales up 40% within the next three years, says chief executive Fabrice Bregier, although he sees little prospect of expanding civil sales. He expects the EADS division's annual sales to hit €3.5 billion (\$4.1 billion) by 2005, up from €2.5 billion last year.

Eurocopter's civil light helicopter range has secured a "massive market share" – over 80% penetration in the French, German and UK police sector, and 50-60% of the far larger US market, says Bregier. However, he does not foresee the company expanding sales in other countries.

"I don't expect to increase market share in the civil market," he says. "The market will grow – not this year, but later by 3-4% a year." The picture looks better on the defence side; sales of military helicopters now make up 42% of Eurocopter's revenue, but this will grow to over 50%



Bregier: "Massive market share"

"in two to three years", says Bregier.

With orders for Tiger attack helicopters from France and Germany in hand, Bregier is optimistic about attracting business from Spain that would be filled at a new production line at EADS Casa. He forecasts a demand for 595 NH90 transports from the NATO nations, which are

covered by memoranda of understanding. So far, only 305 firm orders have been placed.

But the UK military is a less hopeful market, he concedes. Eurocopter has little chance of substituting its own aircraft for the ageing British Army Lynx fleet. That contract is likely to go to the Super Lynx upgrade being developed by Agusta-Westland, he says. The contract is "not a priority for Eurocopter", says Bregier, but he adds: "Things are still open in SABR [support amphibious battlefield rotorcraft] competition."

Bregier says the NH90 would be "an ideal complement to Chinook", but Eurocopter may be the second choice. The in-service Agusta-Westland EH101 is "clearly in pole position for this one".

Eurocopter plans to submit one of its light helicopters for the UK's 10-year, £150 million (\$245 million) Northern Ireland requirement.

APPOINTMENT

## Oneworld announces new boss

Oneworld has picked John McCulloch to succeed Peter Buecking as managing partner (chief executive). Buecking was last month named president of communications services provider Sita.

McCulloch is Oneworld vice-president marketing and previously worked for Cathay Pacific Airways for 15 years. He was confirmed as successor at the alliance's recent governing board meeting in Washington DC.

McCulloch will work from Oneworld's base in Vancouver, Canada, and will report to the chief executives of member airlines Aer Lingus, American Airlines, British Airways, Cathay Pacific, Finnair, Iberia, LanChile and Qantas.

Oneworld says it has contributed more than \$2 billion to its member airlines' balance sheets over the past three years, through revenue generation and cost savings.

TAKEOVER MARIA WAGLAND / LONDON

# German investor takes DBA off BA's hands

Nuremberg-based consultancy and investment company Intro Verwaltungsgesellschaft is to take control of British Airways' struggling German subsidiary DBA on 1 July.

The sale follows EasyJet's decision not to exercise an option to buy DBA earlier this year after the German pilots' union Vereinigung Cockpit resisted efforts to impose the operator's business model on the German airline. EasyJet blamed the "rigidity of German labour laws" and DBA's poor financial performance due to Lufthansa's "aggressive pricing policy".

BA agreed to sell DBA to Intro for a nominal €1 (\$1.18) after discussions with potential buyers. BA has undertaken to invest £25 million (\$29.4 million) in the airline during its first year of operation under new ownership, as well as underwrite its fleet of 16 aircraft for one year at a

cost of £2 million a month.

Intro says it aims to increase productivity by 20% in the first year, and boost revenue by 10% "to bridge the weak holiday months".

Once the airline reaches profitability, Intro says it will sell DBA shares to third-party investors as

well as employees. Hans Rudolf Whohrl, who founded German charter carrier Nurnberger Flugdienst, which was subsequently integrated into Eurowings, heads Intro. He was also a DBA board member from 1994 to 2001.

"The aim is that DBA will not, in

the future, be the cheapest airline, but will offer the best price for quality service," says Whohrl.

DBA operates a fleet of 16 Boeing 737s on domestic and international services from Berlin, Cologne-Bonn, Düsseldorf, Hamburg, Munich and Stuttgart.

RESULTS

## Irish low-fare carrier's after-tax profits leap 59%

Irish low-fare carrier Ryanair has reported a 59% jump in after-tax profits for the year ended 31 March as its business continues to grow rapidly.

After-tax profit totalled €239 million (\$281 million), up from €150 million the previous year. Earlier this year, Ryanair forecast a full-year net profit of €235 million.

Revenue was up 35% to €843 million and the number of passengers carried rose by 42% to 15.74 million. Average load factor increased to 84% from 81% and the carrier says this was "primarily due to a 6% reduction in average fares".

While revenue increased 35%, operating costs were up 26%, helping boost after-tax margins to 28% from 24%.

"These results demonstrate how robust Ryanair's lowest-fares business model is in Europe," says the airline. "Ryanair has – for the 15th year in a row – delivered increased profits, despite a 6% reduction in average fares, at a time when most of our competitors are reducing capacity and announcing losses."

However, the carrier warns its financial performance over the past year has been "exceptional", adding: "We have repeatedly stated that profit margins of almost 30% are a one-off and non-sustainable."

Ryanair's plan is to grow traffic on average by 25% a year and to maintain an after-tax profit margin of about 20%.